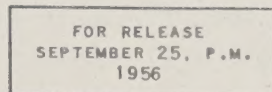
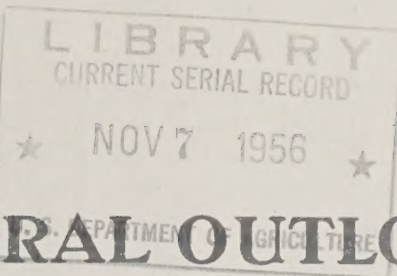


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The AGRICULTURAL OUTLOOK DIGEST

AGRICULTURAL MARKETING SERVICE, U.S.D.A.

WASHINGTON, D. C.



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The build-up in stocks of cotton, wheat and rice is likely to be reversed in the 1956-57 marketing year but another increase is expected for feed grains.

A big jump in exports, an 11% smaller crop than in 1955 feature the cotton outlook. With CCC owned cotton being sold abroad at competitive prices, we are likely to ship at least twice as much in 1956-57 as the 8-year low of 2.2 million bales exported in 1955-56. Domestic use is likely to hold close to 9.2 million bales.

Total disappearance probably will exceed the 1956 cotton crop, estimated at 13 million running bales in early September. This would pull down the carryover next August 1 below the record 14-1/2 million bales on hand last August. Stocks have increased each year since August 1, 1951 when they totaled 2.3 million bales.

Practically all of rice owned by CCC has been committed or programmed for export. These heavy shipments will greatly reduce the carryover next August 1, even though domestic use will be down because less rice will be fed livestock. Rice carryover rose from 1 1/2 million cwt. on August 1, 1953 to 34.6 million this year.

The build-up in the wheat stocks was nearly halted during 1955-56...the record carryover of 1,030 million bushels at the end of the marketing year was only 4 million bushels larger than at the beginning. This was the first year since 1952-53 that the carryover failed to increase substantially.

No further increase in stocks...possibly a small decline...is in prospect for wheat in 1956-57. Crop this year is up 3% from 1955 but increased exports are likely to boost disappearance at least as much. In 1957-58, a substantial reduction in carryover is likely because of the soil bank.

One factor in halting increase in carryovers of cotton, rice and wheat is acreage allotments and marketing quotas. Production restrictions went into effect on 1954 crops of wheat and cotton. Compared with average output in 1951-53--before quotas were in effect--the 1956 wheat crop is down 19%...cotton 16%. Quotas were first placed on rice production in 1955. This year's crop is 18% below 1952-54 average.

Government export programs are helping to end stocks buildup. Large part of exports of cotton, wheat and rice in 1956-57 will be financed by Government.

Feed grain carryover is likely to continue to rise in 1956-57. Total production, of corn, oats, barley and sorghum grain, estimated at 125 million tons, is down 4% from 1955, but slightly fewer animals will be on hand for feeding. Supply appears sufficient to meet feeding requirements and leave a larger carryover October 1, 1957 than the record 44 million tons estimated for October 1 this year. Stocks have increased each year since 1952 when they totaled 20.2 million tons.

LIVESTOCK. Meat animal prices are likely to continue above the relatively low levels of a year earlier the rest of 1956. Hog prices, though declining seasonally as marketings increase, will stay above the fall of 1955 with the greatest difference late in the year. Some decline in prices of fed cattle is probable because of the likelihood of sizeable marketings of short fed stock. Some decline also is expected for feeder cattle but cattle prices generally will average above a year ago.

Prospects for a slight reduction in slaughter, stronger prices for cattle and hogs probably will hold sheep and lamb prices above the fall of 1955.

DAIRY PRODUCTS. The seasonal increase in farmers' prices for milk is under way. Prices are likely to stay above 1955 through this year.

The milk-feed price ratio continues above average though the rise in feed prices has reduced it from last winter's levels. Milk-feed price relationships are expected to hold near average during the coming feeding season.

POULTRY AND EGGS. Egg production is now increasing seasonally. Output probably will continue above a year earlier the rest of this year and prices probably will be lower.

Supplies of broilers will continue about a fifth above a year earlier through the rest of 1956. Prices remain below a year ago.

FATS AND OILS. High yields on a record acreage boost the 1956 soybean crop to an estimated 462 million bushels, nearly a fourth above last year's.

Total supplies of food fats in 1956-57 will be about the same as in 1955-56. Declines in cottonseed and lard is likely to about offset the increased crop of soybeans.

FEEDS. Rise in prices over the last several months brought the index for mid-August 27% above the November low and 13% above a year earlier. Wholesale prices of protein feeds generally are about at last year's level.

WHEAT. Cash prices for winter wheat are now generally near or above the effective loan rates. Rise since July reflects the new export program under which large quantities will be shipped from free market supplies rather than from CCC stocks as last year. Spring wheat prices have been declining seasonally as new crop supplies have been marketed. Wheat prices to farmers this marketing year are expected to average close to the \$2.00 loan rate.

Wheat exports so far this year are running well ahead of 1955-56.

FRUIT. Production of late-season deciduous fruits is down from last year and demand is strong. Prices this fall are likely to average at least as high as in 1955.

VEGETABLES. Fall potato production prospects improved in the last month and in early September the crop was expected to be up 5% from last year. The sweetpotato crop also improved slightly but is down 22% from last year.

Supplies of the vegetables that make up 3/4 of fall production are nearly a fifth more plentiful than last year. A substantial increase also is expected for vegetables for processing.

TOBACCO. Supplies of flue-cured for 1956-57 a little above those for 1955-56. The 1956 crop is down about 13% but the carryover is up. With prospects for smaller exports, total disappearance probably will fall below 1956-57.